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# AICPA *Washington Report*

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## COMPTROLLER OF THE CURRENCY

All FDIC insured commercial banks will begin reporting data on past-due and other non-performing loans by the end of 1982, according to a recent joint news release from the Comptroller of the Currency, Federal Deposit Insurance Corporation and the Federal Reserve Board. For national banks, the new report will replace a past-due loan schedule that has been submitted to the Comptroller's office for a number of years. On 9/15/82, OMB granted the agencies approval to collect data in the form of a new supervisory supplement to the Reports of Condition and Income (call reports) filed by all federally insured banks. The new information will be collected quarterly beginning with the 12/31/82 reports and will be available to the public beginning with the 6/30/83 reports. The agencies said reports such as the new supplement are critically important to their efforts to upgrade their off-site computerized monitoring systems and thus reduce the burden placed on banks in on-site examinations.

## FEDERAL HOME LOAN BANK BOARD

A "mark to market" accounting system for federally insured thrifts was recently developed by a bank board task force and released by the Board as a preliminary proposal. Although the plan must be issued as a proposed regulation before the agency could implement it as a final regulation, the Board is seeking comments as soon as possible so that they can move quickly on the proposal. Under the preliminary release, all thrifts would be required to adjust the value of their qualifying assets and liabilities to their current value at the end of each quarter. According to task force officials, the plan would be better for thrifts than other industry proposals even though it would not result in as large a boost to earnings over the short term. Quarterly valuation under the plan would be accomplished using procedures spelled out in the proposal. Current value of some assets such as securities would be determined by referring to published rates. For other assets, associations would make estimates based on certain assumptions. After revaluing their portfolios, associations would charge or credit a new asset restructuring account for the difference between original and current values of their assets and liabilities. Among other provisions, the proposal would permit the association to carry the restructuring account for 10 years without amortizing the loss it represents unless the association had earned income during that period.

## SECURITIES AND EXCHANGE COMMISSION

An SEC conference on "Major Issues Confronting the Nation's Financial Institutions and Markets in the 1980's," is scheduled for 10/6-8/82, at the Sheraton Washington Hotel, Washington, D.C. According to SEC Chairman John S.R. Shad, the conference will focus on the major changes that are taking place in the structure of the financial service industries and the capital markets. The conference is designed to bring into focus major issues confronting those who use, manage, participate in, or are responsible for regulation of the nation's financial institutions and markets. The issues to be addressed concern the nation's financial institutions, capital markets and regulatory needs through the turn of the century. They include the consequences of proliferating new financial products and services, major mergers of financial organizations, the appropriate roles of private sector self-regulatory organizations and government agencies, disclosure and enforcement issues, the future structure of the securities markets and regulation of investment companies and advisers. The five panel discussions will bring together top executives of major securities firms, investment companies, banks, savings and loans, insurance companies, private sector self-regulatory organizations and government agencies. For additional information contact Roxanne Fischetti at 202/272-2615.

## TREASURY, DEPARTMENT OF

Taxation of foreign investment in U.S. real property interests was the subject

of temporary and proposed regulations recently issued by the IRS (TD7832). The temporary regulations which are generally effective with respect to dispositions of U.S. real property interests after 6/18/80, are being issued to provide the public with the immediate guidance needed to comply with the Foreign Investment in Real Property Tax Act of 1980 and section 831 of the Economic Recovery Tax Act of 1981. The release contains temporary regulations concerning information returns which must be filed with respect to foreign investment in U.S. real property interests by certain corporations, partnerships, trusts, estates and nonresident alien individuals. Also included are temporary regulations concerning the procedure for establishing that a corporation is not a U.S. real property holding corporation and the election by a foreign corporation to be treated as a domestic corporation. The text of the temporary regulations also serve as the proposed regulations. Comments on the proposal, which should be published in the Federal Register shortly, are requested by 11/22/82. For additional information contact Diane Renfroe at 202/566-3289.

Roscoe L. Egger, Jr., Commissioner of Internal Revenue, recently invited industry groups to submit written comments to the IRS to assist in implementing certain provisions of the recently enacted Tax Equity and Fiscal Responsibility Act of 1982 (P.L. 97-248). Through a news release, IR-82-108, Commissioner Egger said that the IRS is specifically interested in receiving comments concerning the new law's compliance provisions relating to five specific areas including: withholding on interest and dividend income; changes in information reporting requirements on interest income; information reporting by brokers; withholding on pensions, annuities and other deferred income; and, information reporting of tip income. According to Commissioner Egger, the IRS is seeking comments to identify potential problems and issues which should be considered during the implementation of these provisions. The Commissioner said that the IRS will make every effort to consider concerns expressed by payors responsible for information reporting or withholding tax on payments covered under the law as well as comments of other taxpayers affected by these provisions. The IRS will consider comments, questions and issues raised during this process in writing regulations and implementing these new provisions of the law. Comments are requested in writing by 9/29/82, and should be addressed to Legislative Analysis Division, IRS, Attention: TEFRA, Room 3407, 1111 Constitution Avenue, N.W., Washington, D.C. 20224. For additional information contact the IRS at 202/566-4024.

The summer 1982 issue of the quarterly "Statistics of Income Bulletin" has recently been released by the IRS. This issue of the Bulletin contains information on: unincorporated business activity for 1980; nonresident alien income and tax withheld for 1980; characteristics of taxpayer usage of Forms 1040 and 1040A for 1981; sales of capital assets reported on individual income tax returns for 1973-1980; and, windfall profit tax liability for the third quarter of 1981. The report, IRS Publication 1136, is available at an annual subscription rate of \$11 or a single issue rate of \$3.50 from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Abusive tax shelters will be the subject of a 9/28/82 Ways and Means Subcommittee on Oversight hearing. Witnesses will include representatives from the IRS, the Justice Department, the SEC and the private sector. The hearing will begin at 10 a.m. in 1100 Longworth House Office Building, Washington, D.C. For additional information contact the Ways and Means Committee at 202/225-3627.

#### SPECIAL: PRESIDENT SELECTS AICPA BOARD MEMBER FOR TRADE ADVISORY COMMITTEE

President Reagan announced, 8/31/82, his intention to appoint Barbara Hackman Franklin, a member of the board of directors of the AICPA, to the Advisory Committee for Trade Negotiations. The Committee, comprised of 45 members, selected from industry, labor, agriculture and academia, is the chief private

sector advisory committee on the subject of trade policy for the President. Formerly Senior Commissioner of the U.S. Consumer Product Safety Commission until her departure from the post in 1979, Ms. Franklin was among the original commissioners appointed by the President in 1973 when CPSC as created. Ms. Franklin is currently a Senior Fellow of the Wharton School of the University of Pennsylvania. Among other nominees selected by the President is William M. Agee, who is CEO and Chairman of the Bendix Corporation and is also a member of the AICPA. Members of the Committee will serve two year terms.

SPECIAL: AICPA TAX DIVISION TESTIFIES ON SUBCHAPTER S

Support for three major improvements appearing in S. 2350, the Subchapter "S" Revision Act of 1982, was expressed by the AICPA in testimony before the Senate Finance Committee on 9/10/82. Appearing on behalf of the profession, William T. Diss, Chairman of the AICPA Small Business Taxation Subcommittee, expressed support for repeal of the passive receipts test, elimination of election period earnings and profits, and the provision for carry-over for unused shareholder loss allocations. Support for other provisions in the legislation was coupled with AICPA reservation on the cash basis rule for expenses paid to 2 percent or larger shareholders; repeal in 1985 of fringe benefits or these stockholders; fiscal year conformity; constructive gain on in-kind property distributions; split year Subchapter "S" to Subchapter "C" reporting; and, a continuation of the 80 percent foreign receipts limitation. The legislation which would generally simplify the operation of Subchapter "S" corporations and ease eligibility requirements also received the endorsement of the ABA and the Treasury Department. Mark-up on S. 2350 is expected sometime within the month.

For additional information, please contact Jim Kovakas, Gina Rosasco, Nick Nichols or Kathee Baker at 202/872-8190.

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